

# **Fundamentals of Total Quality Leadership**

## **Module 4: Fourteen Obligations of Management**

## Student Information

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### Lesson Objectives

By the end of this module the student will be able to:

- EO 4-1 Explain each of the Fourteen Obligations of Management.
- EO 4-2 Explain how the Fourteen Points are an application of the System of Profound Knowledge.

### Length of Instruction

The lesson takes approximately 1.5 hours

# Fundamentals of **T**otal **Q**uality **L**eadership

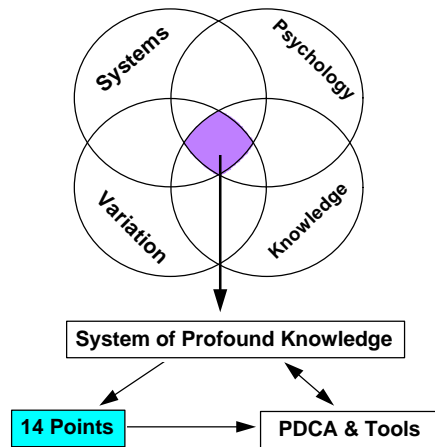
Module 4  
Fourteen Obligations  
of Management

## Learning Objectives

*By the end of this module the student will be able to:*

- ◆ Explain each of the Fourteen Obligations of Management
- ◆ Explain how the Fourteen Points are an application of the System of Profound Knowledge

## DON Approach to Quality Management



## *Fourteen Obligations of Management*

- ◆ Represent a total system
- ◆ Provide a roadmap for change

## **Point 1**

**Create and publish to all employees a statement of the aims and purposes of the company or other organization.**

- ◆ **Leadership is commitment to people and jobs**
- ◆ **Quality is a constant priority**
- ◆ **Publish the statement**



## **Point 2**

**Learn the new philosophy,  
top management and everybody.**

- ◆ **We can no longer live with acceptable levels of delays, defective materials, and defective workmanship**
- ◆ **Fifteen to forty percent of product cost is due to waste**
- ◆ **We are in a new economic era**

### Point 3

Understand the purpose of inspection,  
for improvement of processes and  
reduction of cost.

- ◆ The problem is in the process, not the product
- ◆ Workers are the best preventers of defects
- ◆ Leaders need to understand what action to take based on data
- ◆ Inspection has its place
- ◆ Even 100% inspection does not ensure quality

*Exercise...*

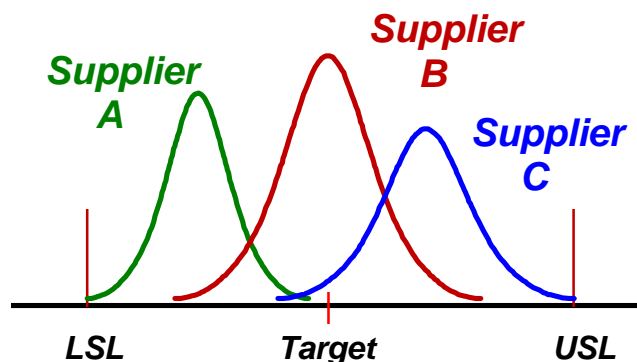
***The “F” Test***

## Point 4

End the practice of awarding business  
on the basis of price tag alone.

- ◆ Lowest price does not mean lowest total cost
- ◆ Relationships between buyers and customers need to change
- ◆ Relationships between buyers and suppliers need to change
- ◆ Reduce the number of suppliers to reduce variation

### *Multiple Suppliers Increase Variation*



## **Point 5**

**Improve constantly and forever  
the system of production and service.**

- ◆ **Constantly reduce process variation**
- ◆ **Constantly pursue innovation in  
process and products**
- ◆ **Leaders are responsible for the  
system**

## **Point 6**

**Institute training for skills.**

- ◆ **Employees must know how to do their jobs**
- ◆ **Employees must receive process  
improvement training**
- ◆ **Training must be viewed as a system**
- ◆ **Training must be viewed as an investment**
- ◆ **Develop a system of cross training**
- ◆ **Job training is a never-ending requirement**



## **Point 7**

### **Teach and institute leadership.**

- ◆ **The goal of leadership is to help people do a better job**
- ◆ **A leader is coach and counsel**
- ◆ **Leaders must understand processes**
- ◆ **Improvement means change, and change requires leadership**

## **Navy and Marine Corps Principles of Leadership**

- |   |   |
|---|---|
| ◆ <b>Know yourself and seek self improvement</b>                      | ◆ <b>Set the example</b>  |
| ◆ <b>Be technically and tactically proficient</b>                     | ◆ <b>Train your unit as a team</b>                                    |
| ◆ <b>Know your Sailors and Marines and look out for their welfare</b> | ◆ <b>Make sound and timely decisions</b>                              |
| ◆ <b>Keep your Sailors and Marines informed</b>                       | ◆ <b>Develop a sense of responsibility among your subordinates</b>    |
| ◆ <b>Ensure the task is understood, supervised and accomplished</b>   | ◆ <b>Employ your command in accordance with its capabilities</b>      |
|   | ◆ <b>Seek responsibility and take responsibility for your actions</b> |

## Leadership and Management

- ◆ Complementary systems of action
- ◆ Leadership behavior can be learned and developed
- ◆ Characteristics of a transformational leader
  - Identification as a change agent
  - Courage and outspokenness
  - Belief in people
  - Value driven
  - Lifelong learner
  - Visionary



## Point 8

Drive out fear. Create trust.  
Create a climate for innovation.

- ◆ Fear blocks communication
- ◆ Fear increases costs to the organization
- ◆ Sources of fear
  - Negative consequences of risk-taking
  - Admitting mistakes
  - Losing their jobs
  - Asking stupid questions
  - Gaining new knowledge
  - Reporting bad news



## Point 9

**Optimize toward the aims and purposes of the company, the efforts of teams, groups, and staff areas.**

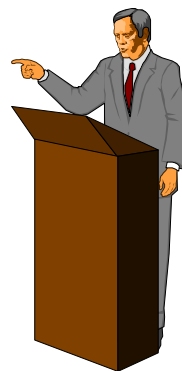
- ◆ **Departments need to work together**
- ◆ **Establish cross-functional teams**
  - Promote vertical and horizontal communication
  - Encourage win-win thinking



## Point 10

**Eliminate exhortations for the work force.**

- ◆ **Exhortations (slogans) by themselves do not help people do the job better**
- ◆ **Slogans can be demotivating**
- ◆ **Most problems (85-94%) are due to the system itself**



## **Point 11**

**(a) Eliminate numerical quotas for production.**

**Instead, learn and institute methods for improvement.**

**(b) Eliminated M.B.O. (management by objective)**

**Instead, learn the capabilities of processes, and how to improve them.**

- ◆ **Without methods, numerical goals are crutches of poor leadership**
- ◆ **M.B.O. is often inconsistent with process improvement**
- ◆ **Standards and goals are often set without knowledge of process capability**

## **Point 12**

**Remove barriers that rob people of pride of workmanship.**

- ◆ **The right to pride of workmanship**
- ◆ **Imprecise and inadequate performance measures**
  - **Appraisals cannot substitute for leadership**
  - **Appraisals are a barrier to teamwork**

## **Point 13**

**Encourage education and self-improvement for everyone.**

- ◆ **Everyone must prepare for changes in process and technology**
- ◆ **Innovation arises from active minds**
- ◆ **Education is an investment, not an expense**

## **Point 14**

**Take action to accomplish the transformation.**

- ◆ **Leaders must develop and implement a plan for quality improvement**
- ◆ **Top leaders cannot do it alone**
- ◆ **Establish a critical mass**
- ◆ **We are all in it together!**



## **Seven Deadly Diseases**

- ◆ **Lack of constancy of purpose**
- ◆ **Emphasis on short-term profits**
- ◆ **Evaluation by performance, merit rating, or annual review**
- ◆ **Mobility of management**
- ◆ **Management by use of visible figures alone**
- ◆ **Excessive medical costs**
- ◆ **Excessive costs of warranty**

## **Module Summary**

- ◆ **Quality improvement comes through the application of the Fourteen Obligations of Management**
- ◆ **The Fourteen Points are guidelines for leadership**